YUKON UTILITIES BOARD

ANNUAL REPORT

2010-11

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THE BOARD

The Yukon Utilities Board was established pursuant to the *Public Utilities Act,* Revised Statutes, 1986. c. 143, as amended. Section 2 of the Act defines the Board as comprised of not less than three and not more than five members. Section 4 provides for the appointment of a substitute member to act in the absence of a member of the Board. The Chair, Vice-Chair and members are appointed by the Minister of Justice for terms of three years. Members can also be appointed to serve subsequent terms, at the discretion of the Minister of Justice.

The Board office is located at Unit 19, 1114 First Avenue (second floor of the Horwood's Mall) in Whitehorse, Yukon. Our mailing address is:

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

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The Board retains independent legal advisors and qualified technical consultants, and it contracts with a part-time Executive Secretary.

The Board regulates two electrical utilities in the Yukon, the Yukon Energy Corporation (YEC) owned by the Government of Yukon, and the privately owned Yukon Electrical Company Limited (YECL). The Board carries out such other functions as are required by the *Public Utilities Act* and as directed by the Minister of Justice as ordered through the territorial government's Orders-in-Council.

Under Section 52 of the *Public Utilities Act*, and following the principles of natural justice, the Board may, with respect to an inquiry:

- exercise the exclusive jurisdiction and authority to determine any question of fact, law or mixed fact or law required to be decided;
- receive such evidence or other information as it considers appropriate, whether or not such evidence is given under oath or affirmation, and whether or not it would be admissible in a court of law;
- exercise the powers, privileges, and immunities of a Board of Inquiry under the *Public Utilities Act*;
- determine the persons to whom notice of any proceedings shall be given; and
- determine its own procedures.

Board Orders are reviewable by the Yukon Court of Appeal.

The Board's authority includes carrying out investigations and reviews at the request of the Minister of Justice pursuant to the *Public Utilities Act*, namely Regulation of Public Utilities (Part II) and the regulation of Energy Projects (Part III). The Board is also empowered to investigate complaints and initiate investigations it deems necessary in the interest of ratepayers generally (Part IV).

Funding for public hearings can only be authorized by the Minister of Justice.

MEMBERSHIP

Board membership during the reporting period consisted of:

Chair	Bruce McLennan
Vice-Chair	Robert Laking
Member	Richard Hancock
Member	Jody Woodland
Member	Kathleen Avery

BOARD SUPPORT

Board Support during this reporting period was provided by:

Executive Secretary	Shay Smart (to October 31, 2010) Deana Lemke, Beyond Words Business Services (from October 31, 2010) Whitehorse, Yukon
Technical Support	Alberta Utilities Commission
Regulatory Legal Support	Alberta Utilities Commission

THE YEAR IN REVIEW

Board Meetings

There were 21 Board meetings in this fiscal year, held on the following dates:

April 5, 2010
April 29, 2010
May 7, 2010
May 13, 2010
June 10, 2010
July 12, 2010
August 3, 2010
August 8, 2010
August 25, 2010
October 22-26, 2010
October 26-November 5, 2010
October 27, 2010
November 5-12, 2010
November 19, 2010
November 22-29, 2010
December 17, 2010
December 23, 2010
December 30, 2010
December 31, 2010
January 26, 2011
March 10, 2011

CANADIAN ASSOCIATION OF MEMBERS OF PUBLIC UTILITY TRIBUNALS (CAMPUT)

The Yukon Utilities Board continues to be an active member of the Canadian Association of Members of Public Utilities Tribunals (CAMPUT). The Board relies on CAMPUT and the Alberta Utilities Commission to be the primary provider of Board member training.

Bruce McLennan and Bob Laking participated in the CAMPUT Annual Conference which was held in Montreal in May 2010. Bruce McLennan attended the Energy Regulation Course in Kingston, Ontario in June 2010.

The Yukon Utilities Board was pleased to host the CAMPUT Annual General Meeting in Whitehorse, Yukon from August 22 to 25, 2010. All Board members attended this session.

PROCEEDINGS

The Board was involved in the following proceedings during this fiscal year:

Yukon Energy Corporation Mayo Enhancement (Mayo B) Application

This proceeding was carried over from the previous fiscal year. An oral public hearing was held April 6 to 8, 2010.

On May 17, 2010, the Board issued its Report to the Yukon Minister of Justice on the Yukon Energy Corporation Application for an Energy Project Certificate and Energy Operation Certificate Regarding the Proposed Mayo Hydro Enhancement Project.

On September 2, 2010, the Board considered cost applications and approved cost awards.

Yukon Energy Corporation-Yukon Electrical Company Ltd. Joint Phase II

This proceeding was carried over from the previous fiscal year. The Board received a joint application from YEC and YECL regarding Rate Design, Terms and Conditions of Service, and the concurrent YECL Application for Rider D – Diesel Generation Energy Cost Recovery Rider.

The oral hearing was held October 5 to 7, 2010.

On December 30, 2010, the Board directed the Companies to provide a compliance filing to the Board within 60 days of the issuance of Board Order 2010-13. The Board did not accept the cost of service study as filed by the Companies, but did not require a cost of service study to be filed in the compliance filing. The Companies were directed to include updated Rate

Schedules, Bill Comparison Tables, and Terms and Conditions of Service as separate attachments reflecting the directions provided.

On February 28, 2011, the Companies submitted their compliance filing to the Board. Following a review, the Board issued its decision with respect to the compliance filing, finding it to be consistent with the directions given to the Companies.

The cost awards will be finalized in the upcoming fiscal year.

Yukon Energy Corporation-Alexco Power Purchase Agreement

The Board received an application from Yukon Energy Corporation requesting approvals related to the Alexco Power Purchase Agreement (PPA). It was determined that a written proceeding was sufficient and a process schedule was adopted.

On December 31, 2010, the Board denied the PPA as applied for. In order to approve the PPA, a change was required with respect to totalized metering. The Board directed YEC to revise the PPA and file a revision with the Board by January 31, 2011. As guidance to YEC, the Board accepted all other terms included in the PPA.

On January 26, 2011, the Board approved the PPA which included provisions regarding:

i. the Fixed Charge of $7,289 per month as defined in Schedule A of the PPA;
ii. the customer contribution as provided in section 5.1 and 5.2 of the PPA, for all capital costs for to the initial mine facilities spur, costs to negotiate and conclude the PPA and any other mine facilities spurs that YEC agrees to develop in the future as provided in section 4.5 of the PPA;
iii. the customer obligation to pay decommissioning costs for mine facilities spurs as provided in Part 11 of the PPA; and
iv. the issuance of totalized billing in accordance with section 6.1 of the PPA where the energy and demand charges applicable to each point of delivery under the PPA are totaled and included in one bill.

The cost awards for this hearing will be finalized in the 2011/12 fiscal year.

Yukon Energy Corporation Rate Schedule 39

The Board received an application from Yukon Energy Corporation to address escalation of demand and energy charges as per OIC 2007/94. It was determined that a written proceeding would be sufficient for this application. The scope of the proceeding was limited to the escalation of the Demand and Energy charges in Rate Schedule 39.

On December 31, 2010 the Board approved the request by YEC to escalate the Demand and Energy charges for Rate Schedule 39 by 2.8% effective January 1, 2011 on an interim refundable basis.

This proceeding will be carried over to the 2011/12 fiscal year.

For more information on the above-noted proceedings, please refer to the original submissions and Board Orders located on the Board's website: www.yukonutilitiesboard.yk.ca

BOARD ORDERS

Below is a summary of Board Orders approved by the Board during this reporting period. All Board Orders can be viewed on the Board's website at www.yukonutilitiesboard.yk.ca

Order No.	Date	Order
2010-06	May 3, 2010	Yukon Energy Corporation-Yukon Electrical Company Ltd. Phase II Hearing Schedule
2010-07	May 21, 2010	Yukon Energy Corporation-Yukon Electrical Company Ltd. Phase II approval of Intervenors
2010-08	July 13, 2010	Yukon Energy Corporation-Yukon Electrical Company Ltd. Phase II extension to IR responses
2010-09	September 2, 2010	Mayo B Cost Awards
2010-10	October 27, 2010	Yukon Energy Corporation-Alexco Power Purchase Agreement Proceeding
2010-11	November 19, 2010	Yukon Energy Corporation-Alexco Power Purchase Agreement approval of Intervenors

Order No.	Date	Order
2010-12	December 23, 2010	Yukon Energy Corporation Rate Schedule 39 Proceeding
2010-13	December 30, 2010	Yukon Energy Corporation-Yukon Electrical Company Ltd. Phase II Decision
2010-14	December 31, 2010	Yukon Energy Corporation-Alexco Power Purchase Agreement Decision
2010-15	December 31, 2010	Yukon Energy Corporation Rate Schedule 39 – approval of Interim Refundable Charge
2011-01	January 26, 2011	Yukon Energy Corporation-Alexco Power Purchase Agreement approval
2011-02	January 26, 2011	Yukon Energy Corporation Rates Schedule 39 – approval of Intervenors, scope of proceeding
2011-03	March 10, 2011	Yukon Energy Corporation Rate Schedule 39 – Utilities Consumers' Group Motion regarding IRs